

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Natick Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 11, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments will be paid in equal installments on July 1 and December 31 of each fiscal year. The schedule is effective in FY18 (since the FY18 appropriation was maintained from the prior schedule) and is acceptable under Chapter 32.

The schedule reflects a reduction in the investment return assumption from 7.50% to 7.375%.

If you have any questions, please contact PERAC's Actuary, Jim Lamenza, at (617) 666-4446, extension 921.

Enc.



SECTION 2: Valuation Results for the Town of Natick Contributory Retirement System

CHART 16

Funding Schedule – 2030 Schedule, amortization payments initially calculated to increase 4.00% per year with a 7.00% cap on the total plan cost

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Remaining Liability	(4) Total Plan Cost: (2) + (3)	(5) Total Unfunded Actuarial Accrued Liability	(6) Total Plan Cost % Increase
2018	\$2,025,106	\$7,190,974	\$9,216,080	\$83,828,154	--
2019	2,099,415	7,761,790	9,861,206	85,989,237	7.00%
2020	2,176,430	8,375,060	10,551,490	86,219,490	7.00%
2021	2,256,245	9,033,849	11,290,094	85,524,611	7.00%
2022	2,338,964	9,741,436	12,080,401	82,198,155	7.00%
2023	2,424,691	10,501,338	12,926,029	78,193,809	7.00%
2024	2,513,535	11,317,316	13,830,851	72,883,606	7.00%
2025	2,605,607	12,169,000	14,774,607	66,321,068	6.82%
2026	2,701,027	12,655,760	15,356,787	58,376,171	3.94%
2027	2,799,913	13,161,990	15,961,902	49,331,895	3.94%
2028	2,902,391	13,688,469	16,590,860	39,086,623	3.94%
2029	3,008,589	14,236,008	17,244,598	27,530,423	3.94%
2030	3,118,644	14,805,449	17,924,093	14,544,399	3.94%

Notes: Recommended contributions are assumed to be paid July 1 and December 31.

Item (2) reflects 3.25% growth in payroll and 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to the generational mortality assumption.

Assumes contribution of budgeted amount for fiscal year 2018.

Amortization payments of remaining liability initially calculated to increase at 4.00% per year.

Projected normal cost does not reflect the impact of pension reform for future hires.

Schedule reflects deferred investment losses.